

Assigned DOGM File No.: S / /  
DOGM Lead: \_\_\_\_\_  
Permit Fee \$ \_\_\_\_\_ Ck # \_\_\_\_\_

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Telephone: (801) 538-5291 Fax: (801) 359-3940

**NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS**

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

"Small Mining Operations" means mining operations which disturb five or less surface acres at any given time.

\*\*\*\*\*

REVISED  
5/24/06

**I. GENERAL INFORMATION (Rule R647-3-104)**

1. **Name of Mine:** SCOTTISH RITE
2. **Name of Entity Applying for Permit:** Anasazi Gold Reserves, Michael D. Terry,  
**Contact (Authorized Officer):** c/o North American Exploration, Inc. President  
**Address:** 447 North 300 West, Suite #3  
**City, State, Zip:** Kaysville, Utah 84037  
**Phone:** 801/544-3421 **Fax:** 801/544-4554  
**E-mail Address:** oigatten@nae-xploration.com

Entity is a: Corporation ☒ LLC ☐ Sole Proprietorship (dba) ☐  
Partnership ☐ General ☐ or ☐ limited  
Individual ☐ Other ☐ - specify type \_\_\_\_\_

**Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations [www.commerce.utah.gov](http://www.commerce.utah.gov).**

**Are you currently registered to do business in the State of Utah?** ☒ Yes ☐ No

**Entity #** 6162870-0143

**Local Business License #** \_\_\_\_\_  
**Issued by:** County \_\_\_\_\_ or City \_\_\_\_\_

**Registered Utah Agent (as identified with the Utah Department of Commerce):**

**Name:** O. Jay Gatten c/o North American Exploration, Inc.  
**Address:** 447 N 300 W, Suite 3  
**City, State, Zip:** Kaysville, Utah 84037  
**Phone:** 801/544-3421 **Fax:** 801/544-4554  
**E-mail Address:** oigatten@nae-xploration.com

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DIV. OF OIL, GAS & MINING

3. **Entities Representative (if different from #2)**

Name: O. Jay Gatten c/o North American Exploration, Inc.  
Address: 447 North 300 West, Suite 3  
City, State, Zip: Kaysville, Utah 84037  
Phone: 801/544-3421 Fax: 801/544-4554  
E-mail Address: ojgatten@nae-exploration.com

4. **If Partnership or Sole Proprietor:**

**Name of 1<sup>st</sup> partner / Sole Proprietor:**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**If Partnership:**

**Name of 2<sup>nd</sup> Partner:**

Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**If Corporation:**

<b>Name of Officers:</b>	<u>Michael E. Terry</u>	<b>Title:</b>	<u>President</u>
	<u>Sarah Ann Wilson</u>	<b>Title:</b>	<u>Secretary</u>
	_____	<b>Title:</b>	_____
	_____	<b>Title:</b>	_____

**If Limited Liability Company:** Member Managed ☐ Manager Managed ☐

**Name of 1<sup>st</sup> Member/Manager:** \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**Name of 2<sup>nd</sup> Member/Manager:** \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

**Name of 3<sup>rd</sup> Member/Manager:** \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

5. **Ownership of Land Surface:**

Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☒  
State Trust Land/School Sections ☐ State Sovereign Lands ☐  
Other (please describe): \_\_\_\_\_

Name National Forest (Dixie) Address 1789 Wedgewood Lane, Cedar City, UT 84720  
Name Teasdale Ranger Dist Address Box 99 Teasdale, UT 84773  
Name \_\_\_\_\_ Address \_\_\_\_\_  
Name \_\_\_\_\_ Address \_\_\_\_\_

6. **Ownership of Minerals:**

Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☒  
State Trust Land/School Sections ☐ State Sovereign Lands ☐  
Other (please describe): \_\_\_\_\_

Name National Forest (Dixie) Address 1789 Wedgewood Lane, Cedar City, UT 84720  
Name Teasdale Ranger Dist Address Box 99, Teasdale, UT 84773  
Name BLM (Utah State Off) Address P O Box 45155, Salt Lake City, UT 84145  
Name \_\_\_\_\_ Address \_\_\_\_\_

BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s): \_\_\_\_\_

BLM Claim Numbers Highlander III - 3 (UMC382695)

Utah State Lease Number(s): \_\_\_\_\_

Name of Lessee(s) \_\_\_\_\_

7. **Have the above surface and mineral owners been notified in writing?**

Yes XX No \_\_\_\_\_

If no, why not? Written notification herein.

*Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration prior to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.*

8. **Does the Entity have legal right to enter and conduct mining operations on the land covered by this notice?** Yes XX No \_\_\_\_\_

Note: Placer mining claims give the claimant the right to prospect and mine both unconsolidated placer material and shallow hardrock formations. Many tabular hardrock mineral deposits are covered by placer claims.

II. **PROJECT LOCATION & MAP** (Rule R647-3-105)

1. **Project Location** (legal description):

County(ies): Wayne County

SW 1/4, of NW 1/4, of NW 1/4: Section: 34 Township: 30S Range: 3E  
SE 1/4, of NW 1/4, of NW 1/4: Section: 34 Township: 30S Range: 3E  
NW 1/4, of SW 1/4, of NW 1/4: Section: 34 Township: 30S Range: 3E  
NE  $\frac{1}{4}$ , of SW  $\frac{1}{4}$  of NW  $\frac{1}{4}$  Section: 34 T: 30S R: 3E  
UTM East 449428 (if known) UTM North 4223610 (If known)

Name of Quad Map for Location: Government Point, Utah

2. An accurate topographic base map showing the location of the proposed small mining operation must be submitted with this notice. The areas to be disturbed including access roads, must be plotted in sufficient detail so that they can be located on the ground. It is recommended that the Permittee / Operator also photo document, plot, and label any pre-existing disturbances in the immediate vicinity that he is not responsible for.
3. The proposed (5 acre or less) disturbed area boundary (including access/haul roads) should be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

III. **OPERATION PLAN** (Rule R647-3-106)

1. Type of mining: Surface ☒ Underground ☐
2. Mineral(s) to be mined: Precious Metals
3. Amount of material to be extracted, moved or proposed to be moved: 1000 tons
4. Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process?  
Yes ☐ No ☒ If yes, please describe (add extra pages if needed)  
\_\_\_\_\_  
\_\_\_\_\_
5. Provide a brief description of the proposed mining operation and onsite processing facilities (add extra pages if necessary).  
See attached Operation Summary and maps  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
6. ☐ New Road(s): Length None (ft) Width                      (ft)
7. ☐ Improved Road(s): Length None (ft) Width                      (ft)

8. **Total project surface acreage to be disturbed:** 3.5 (acres) **PLEASE SPECIFY EXACT ACREAGE - (this will be used to determine surety bond amount – see #VI).**
9. **Proposed startup date of project (month, year)** April 2006
10. **Proposed completion date of project, if known (month, year)** Unknown

**IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)**

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah, available at [www.ogm.ut.gov](http://www.ogm.ut.gov).

1. *Keep the mining operation in a safe, clean, and environmentally stable condition.*
2. *Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.*
3. *Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.*
4. *Construct berms, fences, or barriers, when needed, above highwalls and excavations.*
5. *Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.*
6. *Remove all waste or debris from stream channels.*
7. *Dispose of any trash, scrap metal, wood, machinery, and buildings.*
8. *Conduct mining activities so as to minimize erosion and control sediment.*
9. *Reclaim all roads that are not part of a permanent transportation system.*
10. *Stockpile topsoil and suitable overburden prior to mining.*
11. *Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.*
12. *Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.*
13. *Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)*
14. *Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.*

**V. VARIANCE REQUEST (Rule R647-3-110)**

**Any variance request must be approved in writing by the Division**

Yes ☐ No ☒

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. **Operation and Reclamation Practices** Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. A variance shall be granted if the alternative method or measure proposed will be consistent with the Act.

1<sup>st</sup> Variance Requested

Item # \_\_\_\_\_ Applicable Rule # (i.e. R647-3-109.10 (if you did not want trenches & pits reclaimed))  
Justification: \_\_\_\_\_  
Alternate methods or measure to be utilized: \_\_\_\_\_

2<sup>nd</sup> Variance Requested

Item # \_\_\_\_\_ Applicable Rule # \_\_\_\_\_  
Justification: \_\_\_\_\_  
Alternate methods or measure to be utilized: \_\_\_\_\_

3<sup>rd</sup> Variance Requested

Item # \_\_\_\_\_ Applicable Rule # \_\_\_\_\_  
Justification: \_\_\_\_\_  
Alternate methods or measure to be utilized: \_\_\_\_\_

**Attach additional page if more variances are requested.**

**VI. SURETY (Act 40-8-7(1)[c])**

**A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations.**

The Utah Mined Land Reclamation Act (40-8-7 (1)[c] and 40-8-14 provides the authority that all mining operations furnish and maintain reasonable surety to guarantee that the land affected is reclaimed according to accepted *notices* consistent with on-site conditions.

The surety amount is based on the nature, extent and duration of operations. *The surety amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions.*

Surety for small mines sites will be escalated three (3) years to the future. Contact the Division for dollar amount required for this project.

I have provided or will provide surety in the form of:

☐ Certificate of Deposit    ☐ Letter of Credit    ☐ Surety Bond    ☒ Cash (certified funds)

☐ Other \_\_\_\_\_ (please identify)

**VII. PERMIT FEE [Mined Land Reclamation Act 40-8-7(1)(i)]**

The Utah Mined Land Reclamation Act of 1975 [40-8-7(1)(i)] provides the authority for the assessment of permitting fees. Commencing with the 1998 fiscal year (July 1 - June 30), permit fees are assessed to new and existing notices of intention, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.

## OPERATION PLAN (R647-3-106)

Work would consist of:

1. Removal of vegetation and soils from an area up to 3.38 acres in size. This material would be stored on site for use in reclamation.
2. Remove overburden and if necessary, drill and blast material within the area to be mined. Benches to be 15 feet high and 30 feet wide. Equipment used would be front-end loaders, backhoes, trucks (25 ton capacity) and a D-8 or equivalent dozer. The maximum depth of excavation would be about 20 feet.
3. Crush the mine-run rock on site and further crush, screen and process the material. Equipment will include a jaw crusher followed by a horizontal impact and screen system to take material down in size to about a 2 inch diameter or less.
4. Load and truck rock off site for further crushing, grinding and gravity separation.
5. A series of about 10 shallow (less than 200 foot depth) drill holes will also be drilled from the face, to the east, to determine the continuity and grade of the material of interest.

The access road will be improved by placing crushed rock on low and soft spots on the unimproved road south of the Cook Lake road turnoff. The road will not be widened and no drainage controls will be installed.

**Small Mine Notices require a \$150.00 fee which must accompany this application or it cannot be processed by the Division.**

**NOTICE:** The following person(s) are authorized and designated to receive Notices of Violations, Cessation Orders and all other Notices required by the Division to be given to the permittee or operator:

Name: Michael D. Terry  
Address: c/o North American Exploration, Inc., 447 N 300 W, Suite 3  
City, State, Zip: Kaysville, Utah 84037  
Phone: 801/544-3421 Fax: 801/544-4554  
E-mail Address: \_\_\_\_\_

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

#### **VIII. SIGNATURE REQUIREMENT**

(Please check the box and place your initials on the line provided)

- ☒ I have enclosed the required permit fee.
- ☐ I have enclosed a complete Reclamation Contract (Form MR-RC) and the appropriate reclamation surety amount or have made arrangements as to when the surety will be furnished.
- ☒ I understand that I am not authorized to create any surface disturbance until the surety amount is posted and approved in writing from the Division of Oil, Gas and Mining and any other authorized regulatory agency.

#### **CERTIFICATION**

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

- I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND
- I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.
- This certification must be executed by an executive officer if the applicant is a corporation; by a partner if applicant is a partnership (general or limited); owner if applicant is a sole proprietorship; member or manager if applicant is a limited liability company.

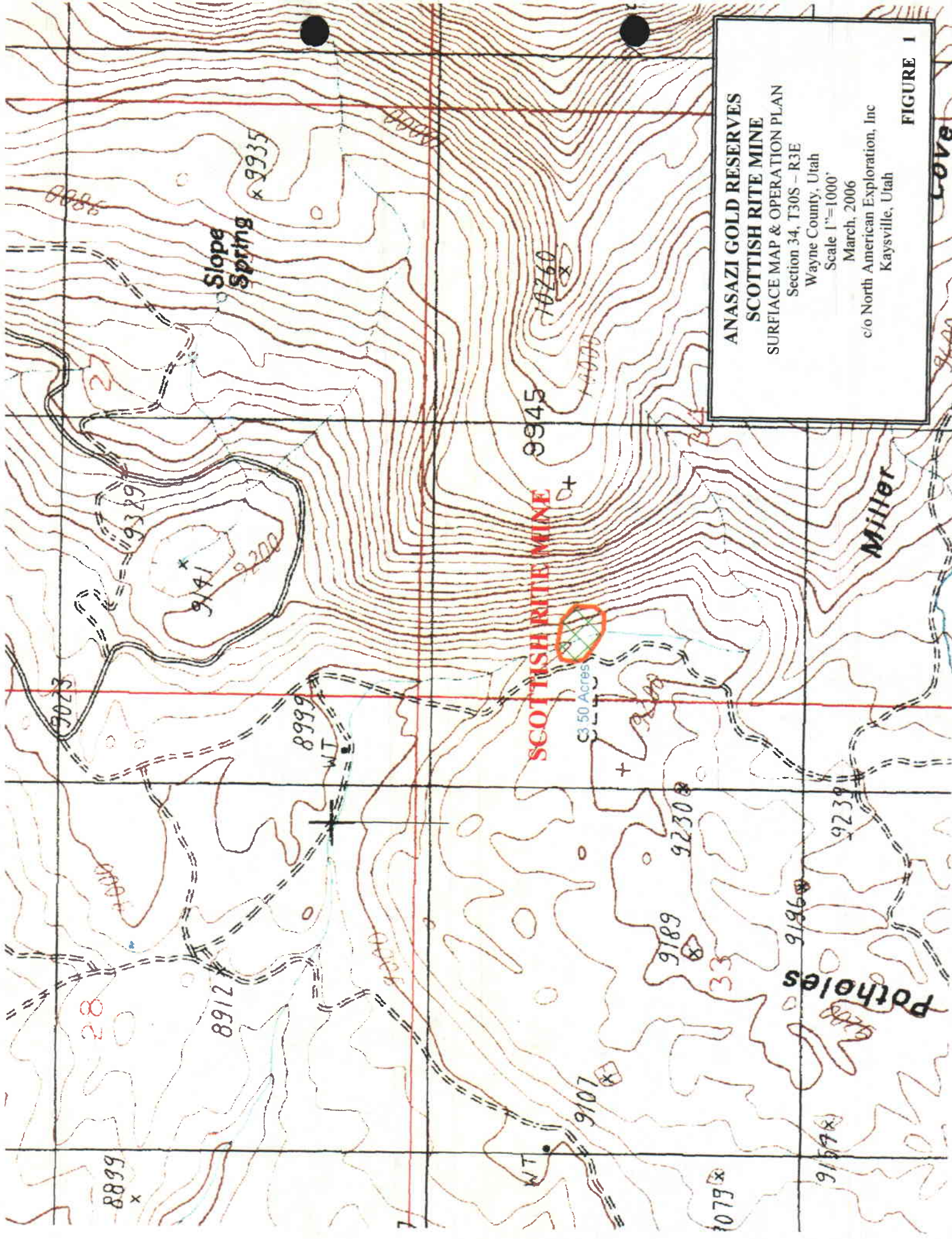
Signature: Michael D. Terry

Date: May 23, 2006

Name (typed or printed): Michael D. Terry

Title/Position (if applicable): President









SCOTTISH RITE MINE SITE

1228

3.38 Acres

**ANASAZI GOLD RESERVES**  
**SCOTTISH RITE MINE**  
SURFACE MAP & OPERATION PLAN  
Section 34, T30S - R3E  
Wayne County, Utah  
Scale 1"=200'  
May, 2006  
C/o North American Exploration, Inc  
Kaysville, Utah

**FIGURE 1A**

